

UNITED STATES DISTRICT COURT

for the

Northern District of Texas

NOV 15 2018

CLERK, U.S. DISTRICT COURT

By Deputy *SW*

United States of America

v.

Kayla Klutts

Case No. 3:18-MJ-762-BN

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of August 30 - November 7, 2018 in the county of _____ in the
Northern District of Texas, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. § 1029(a)(3)

Klutts knowingly and with intent to defraud, possessed fifteen or more access devices which are counterfeit and unauthorized.

This criminal complaint is based on these facts:

☒ Continued on the attached sheet.

[Signature]

Complainant's signature

Jason Boswell, Special Agent

Printed name and title

Sworn to before me and signed in my presence.

Date:

11/15/18
Dallas TX

City and state:

[Signature]

Judge's signature

The Honorable David L. Horan

Printed name and title

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT AND ARREST WARRANT

I, Jason Boswell, being duly sworn, hereby depose and state as follows:

1. I am a Special Agent with the United States Secret Service ("USSS"). I am assigned currently to the Dallas Field Office, and I serve on a squad responsible for conducting investigations of complex financial crimes, including wire fraud, mail fraud, bank fraud, money laundering, and identity theft. I have been employed as a Special Agent for 14 years. I have received training in such areas as financial analysis, financial investigative methods and applications, as well as identity theft and fraud. I am an investigator and law enforcement officer of the United States within the meaning of 18 U.S.C. § 1543, and I am an officer of the United States empowered to conduct investigations of, and make arrests for, numerous federal violations, including offenses enumerated in Title 18 of the United States Code.
2. I submit this affidavit in support of a criminal complaint and application for an arrest warrant charging KAYLA KLUTTS (hereinafter "Klutts"), with a violation of 18 U.S.C. § 1029(a)(3). Based on the facts set forth below, there is probable cause to believe that from on or about August 30, 2018 to on or about November 07, 2018, Klutts knowingly and with intent to defraud, possessed fifteen or more access devices which are counterfeit or unauthorized, in violation of Title 18 U.S.C. § 1029(a)(3).
3. This affidavit is based on my personal knowledge, and on information provided to me by other law enforcement officers who participated in this investigation. Since this affidavit is being submitted for the limited purpose of supporting a criminal complaint, I

have not included each and every fact known to me concerning this investigation.

FACTS ESTABLISHING PROBABLE CAUSE

4. On or about August 30, 2018, investigators received a tip from the Holiday Inn, 725 Plaza Drive, Trophy Club, Texas, that Odis Edwards ("Edwards") was engaged in suspicious activity. The Holiday Inn communicated that Edwards had rented two rooms for two consecutive nights. The Holiday Inn manager communicated that he deemed the activity suspicious because of the number and volume of incidental purchases charged to the rooms. Investigator learned that Edwards was sharing a room and purchasing food with an unidentified white female.
5. On or about August 31, 2018, investigators sought to obtain an arrest warrant for Odis Edwards as well as local search warrants for the Holiday Inn rooms rented in Edwards' name. While waiting for the arrest and search warrants, Edwards departed the Holiday Inn, accompanied by two (2) unidentified white females and one (1) unidentified white male. Investigators followed Edwards and the unidentified individuals to the Hampton Inn and Suites, 2700 Green Oaks Road, Ft. Worth, Texas, which is in Tarrant County and the Northern District of Texas. At the Hampton Inn, investigators learned that rooms 226 & 227 were rented out in Edwards' name. Investigators then obtained state search warrants for the two rooms rented in Edwards' name at the Hampton Inn (rooms 226 & 227). While executing the search warrants, investigators found Edwards and the previously unidentified white female, (now identified as Klutts) inside of room 226.

6. During a search of room 226, investigators located and seized a counterfeit Texas Driver's License with a picture of Klutts on it, a cellular telephone belonging to Klutts, and an electronic tablet with the website titled "carding network" open on the screen. On this website, numerous credit card numbers were observed. This website appeared to be a "chat room" for individuals buying and selling credit card numbers. Klutts gave investigators verbal consent to search the electronic devices, which included her cellular telephone and the electronic tablet. The same password had been used on the electronic tablet and Klutts' cellular telephone. Investigators also recovered from Klutts' possession an American Express credit card in the name of Person 1 (B.R.) and one MasterCard in the name of Person 2 (S.S.).

7. On or about September 1, 2018, investigators advised Edwards of his Miranda warnings. Edwards waived these rights and agreed to speak to investigators. Edwards admitted to making and using altered credit cards around the Dallas and Fort Worth areas. Edwards stated that he rented hotel rooms with the altered credit cards and then rented them out to friends or others for one-half of the cost. Edwards stated that he allowed his friends and others to make charges—typically, snacks and room service—to the hotel rooms. Edwards advised that he has made approximately \$250,000.00 in fraudulent charges to credit cards since March or April of 2018. Edwards gave investigators verbal consent to search one of his cellular telephones located in room 226. Investigators observed Facebook messenger text messages between Edwards and others concerning hotel rooms and credit card numbers.

8. On or about September 1, 2018, investigators advised Klutts of her Miranda warnings. Klutts waived these rights and agreed to speak to investigators. Klutts stated that she believes that Edwards obtains the credit card numbers from the dark web and then figures out an algorithm on how to get more credit card numbers from the same batch. Klutts stated that she then validates the credit card numbers for Edwards through an application on her cellular telephone. Klutts further stated that she and Edwards utilized the credit card numbers to book hotel rooms, and then they sub-rent the hotel rooms out to other people for a fraction of the cost.

9. On or about September 6, 2018, investigators contacted Person 2 (S.S.) in an attempt to determine if Klutts had authorization to use his/her MasterCard. During the telephonic interview, Person 2 (S.S.) stated that he/she did not provide Klutts permission or authorization to possess or utilize this credit card.

10. On or about October 11, 2018, the undersigned received a telephone call from Edwards requesting that he be allowed to get his 2006 Chevrolet Silverado from law enforcement. The car had previously been impounded. The phone number used by Edwards was from the Rodeway Inn located at 1832 N Interstate I35 E, Carrollton, Texas, which is in the Dallas Division of the Northern District of Texas. Upon arriving at the hotel, investigators identified Klutts in the parking lot.

11. Klutts stated that Edwards was located inside room 211. Investigators then proceeded to room 211, where they were met by Edwards, who answered the door and invited investigators inside the hotel room. During the conversation with Edwards, Klutts

re-entered the hotel room and joined in the discussion. During this time, one of the investigators noticed a credit card located on the nightstand. Investigators advised Edwards and Klutts of their Miranda Warnings, to which they both waived them and agreed to speak to investigators. Edwards stated that the credit card on the nightstand was from someone he did not know. The investigation team asked both Edwards and Klutts if there was anything illegal in the room with respect to altered or counterfeited credit cards or credit card numbers. In response, Edwards retrieved five white sheets of paper containing approximately 69 credit card numbers with various expiration dates and names of other individuals. The investigation team asked Edwards and Klutts for consent to search the room and the personal belongings contained therein. Both Edwards and Klutts gave investigators verbal consent. The investigative team recovered from Edwards' backpack a sheet of paper with handwritten credit card numbers on it (well over fifteen). Investigators recovered from Klutts' purse, one Visa credit card in the name of Person 3 (C.S.) and one Visa credit card number in the name of Person 4 (N.L.).

12. Before leaving the room, investigators asked Edwards, Klutts, and Subject 2 if there were any more fraudulently obtained credit cards or credit card numbers. Edwards acknowledged that he had additional credit cards and credit card numbers. Edwards then produced five altered credit cards from under the desk in the hotel room and notepad cards with over 400 handwritten credit card numbers on them.

13. On or about October 17, 2018, Colleyville Police Department received a state arrest warrant for Klutts for Engaging in Organized Criminal Activity, a violation of

Texas Penal Code 71.02. Investigators and Klutts texted back and forth several times to arrange a meeting at the Colleyville Police Department in an attempt to serve the arrest warrant; however, Klutts failed to show numerous times.

14. On or about November 7, 2018, Carrollton Police Department responded to a disturbance call at a residence. Upon arrival, officers identified all parties at the residence, including Klutts. Klutts was not the owner of the residence. Because of the outstanding arrest warrant, officers took Klutts into custody. Detective Prater, who is assisting in the investigation of Klutts and others, responded to the scene as well. Detective Prater asked the home owner for verbal consent to search the residence, including the bedroom where Klutts was staying. The home owner provided verbal consent to Detective Prater. The homeowner retrieved a purse from a bedroom where Klutts had been allowed to stay by the homeowner. Upon returning to the main area of the residence, the homeowner proceeded to dump the contents onto the floor in front of Detective Prater. Detective Prater saw on the ground one Texas driver license in the name of Person 5 (C.C.), one First National Bank of Texas Visa credit card in the name of Person 5 (C.C.), and one C.C., and one pre-paid credit card issued by Numi Financial. It should be noted that the BIN number of the First National Bank of Texas Visa credit card in the name of Person 5 (C.C.), was recognized by Detective Prater as being the correct bank identification number ("BIN") for U.S. Bank. Detective Prater took possession of Klutts' cellular telephone as well. Klutts was arrested and taken into custody.

15. On or about November 7, 2018, investigators advised Klutts of her Miranda warnings. Klutts waived her Miranda rights and agreed to speak to investigators. During the interview, Klutts admitted that she and Edwards were both involved in a credit card scheme. Klutts stated that she verified the credit cards for Edwards, which were then used to make fraudulent purchases at hotel rooms and for other services.

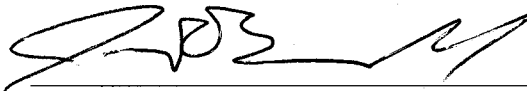
16. On or about November 7, 2018, the investigative team asked Klutts for verbal consent to search her cellular telephone. Klutts agreed and provided consent for investigators to search her cellular telephone. During the search of Klutts' cellular telephone, investigators discovered approximately 100 credit card numbers and a merchant identification number.

17. To date, investigators have determined that Edwards and Klutts were in possession of approximately 1,200 credit card numbers.

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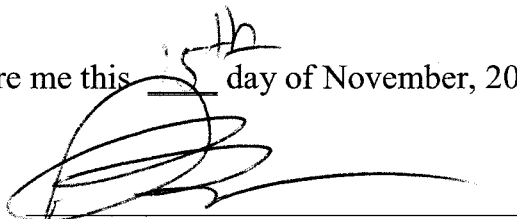
CONCLUSION

Based on the forgoing facts and circumstances, there is probable cause to believe that from on or about August 30, 2018 to on or about November 7, 2018, Kayla Klutts did knowingly and with intent to defraud, possessed fifteen or more devices which are counterfeit or unauthorized, in violation of 18 U.S.C. § 1029(a)(3).



JASON BOSWELL
Special Agent, USSS
Dallas, Texas

Sworn to and subscribed to before me this 5th day of November, 2018.



DAVID L. HORAN
United States Magistrate Judge
Northern District of Texas